

Message Text

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46

ACTION EB-11

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 NEA-10 ISO-00 IO-14

SSO-00 NSCE-00 USIE-00 INRE-00 PRS-01 PA-04 AGR-20

AEC-11 AID-20 CEA-02 CIAE-00 CIEP-02 COME-00 DODE-00

FEA-02 FPC-01 H-03 INR-10 INT-08 L-03 NSAE-00 NSC-07

OMB-01 PM-07 RSC-01 SAM-01 SCI-06 SPC-03 SS-20 STR-08

TRSE-00 OIC-04 OPIC-12 SIL-01 LAB-06 XMB-07 FRB-02

DRC-01 /272 W

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FM AMEMBASSY VIENNA

TO SECSTATE WASHDC IMMEDIATE 2033

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY BAGHDAD

AMEMBASSY BEIRUT

AMEMBASSY BONN

USMISSION EC BRUSSELS

AMEMBASSY CAIRO

AMEMBASSY CARACAS

AMEMBASSY DOHA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

USMISSION OECD PARIS

AMEMBASSY QUITO

AMEMBASSY ROME

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

AMEMBASSY PORT OF SPAIN

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UNCLAS VIENNA 2358

E.O. 11652: N/A

TAGS: ENRG, OPEC, AU

SUBJECT: DECISIONS OF OPEC'S EXTRAORDINARY CONFERENCE MEETING

1. FOLLOWING OPEC PRESS RELEASE WAS ISSUED AT 1345 HOURS MARCH 17 VIENNA TIME: QUOTE THE XXXVIII MEETING (EXTRAORDINARY) OF THE CONFERENCE OF THE ORGANIZATION OF THE PETROLEUM EXPORTING COUNTRIES CONVENED IN VIENNA ON THE 16TH AND 17 OF MARCH, 1974. THE CONFERENCE UNANIMOUSLY ELECTED H.E. DR. JAMSHID AMOUZEGAR, MINISTER OF FINANCE OF IRAN AND HEAD OF ITS DELEGATION, TO BE ITS PRESIDENT.

QUOTE THE CONFERENCE EXAMINED THE REPORT OF THE ECONOMIC COMMISSION BOARD AND DECIDED THAT THE POSTED PRICES FOR THE SECOND QUARTER 1974 SHALL BE THE SAME AS THOSE DECIDED ON THE FIRST QUARTER OF THE YEAR. THE CONFERENCE ALSO DECIDED TO CONVENE AN EXTRAORDINARY MEETING AT THE REQUEST OF ANY MEMBER COUNTRY WITH A VIEW TO REVISING THE POSTED PRICES.

QUOTE THE CONFERENCE REVIEWED THE PROPOSAL FOR THE ESTABLISHMENT OF A SPECIAL FUND TO HELP DEVELOPING NATIONS AND IN ORDER TO REACH A DECISION FOR AN URGENT SOLUTION TO THE PROBLEM, DECIDED THAT A SPECIAL COMMITTEE BE CONVENED ON FRIDAY, MARCH 29TH, 1974, TO PREPARE THE CRITERIA AND REGULATIONS GOVERNING SUCH A FUND. THE CONFERENCE FURTHER DECIDED TO CONVENE AN EXTRAORDINARY MEETING OF THE CONFERENCE ON WEDNESDAY, 10 APRIL, 1974, IN NEW YORK, TO FINALIZE THE PROCEDURE FOR THE OPERATION OF THE FUND. UNQUOTE.

2. IN REMARKS TO THE SOME 100 NEWSMEN FOLLOWING MEETING AMOUZEGAR SAID THAT THE SPECIAL COMMITTEE (MENTIONED IN NEWS RELEASE) WOULD CONVENE AT OPEC HEADQUARTERS, VIENNA. OTHER POINTS MADE TO NEWSMEN BY AMOUZEGAR WERE: (A) LAW OF SUPPLY AND DEMAND ALONE DICTATES WHETHER PRICES OF OIL WILL GO UP BUT THE DECISION TO FREEZE PRICES AT THEIR PRESENT LEVEL WAS TAKEN AS A GESTURE OF GOODWILL TOWARD THE CONSUMING COUNTRIES. (B) AMOUZEGAR HIMSELF DID NOT CONSIDER THE 12 PERCENT INFLATION RATE TOLERABLE AND PERSONALLY SAW NO REASON TO LOWER PRICES. (C) THE ECONOMIC COMMISSION WOULD CONTINUE ITS STUDY OF THE PRICING SITUATION AND TWO FACTORS WOULD GOVERN FUTURE OIL PRICES: THE DECISION OF UNCLASSIFIED

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THE INDUSTRIALIZED COUNTRIES TO CONTROL INFLATION AND THE COSTS OF OTHER ENERGY SOURCES. (D) HE STRESSED NEED TO CONSERVE ENERGY AND USE IT SPARINGLY, REMARKING THAT QUOTE THE CHEAPER THE OIL, THE MORE WASTEFUL ITS USE AND UNQUOTE. (E) A CERTAIN AMOUNT OF OIL IS SOLD TO CONSUMING COUNTRIES AT \$12 A BARREL AND THERE SHOULD BE SOME EFFORT BY CONSUMING COUNTRIES TO CONTROL PROFITS OF THEIR MIDDLEMEN. (F) HE HOPED INDUSTRIAL COUNTRIES WOULD FEEL MORAL OBLIGATION TO HELP DEVELOPING

COUNTRIES. (G) THERE WILL BE NO FURTHER QUOTE GEOMETRIC UNQUOTE INCREASE IN OIL PRICES. (H) ASKED WHETHER MINISTERS HAD DISCUSSED PRODUCTION LEVELS AMOUZEGAR SAID CONFERENCE HAD ASKED EXPERTS TO MAKE A BROAD STUDY OF GLOBAL ENERGY PRODUCTION REQUIREMENTS. (I) ASKED WHETHER OPEC WELCOMED CONTACTS WITH CONSUMING COUNTRIES HE SAID OPEC WELCOMES SUCH CONTACTS, WILL MEET WITH CONSUMING COUNTRIES ANY TIME BUT WOULD NOT BEG THEM TO COME. HE INDICATED THAT ALL COUNTRIES OF THE WORLD SHOULD COME TOGETHER WITH INDEPENDENT JUDGEMENTS, BUT HE WAS NOT ASKED TO ELABORATE ON THIS POINT.

3. ARAB MINISTERS ARE SCHEDULED TO MEET AT 1800 HOURS MARCH 17 AT HOTEL IMPERIAL ON QUESTION OF LIFTING EMBARGO. TRINKE

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